

Title: Grants for Medical Homes Through the Primary Care Extension Program

Section: 5405

State Option

Overview: Section 5405 of the Patient Protection and Affordable Care Act (ACA) authorizes federal grants to states to assist primary care providers develop their practices into patient-centered medical homes (PCMH). A PCMH is designed to provide comprehensive patient care in an integrated, coordinated, and evidence-based manner. To assist providers in establishing their practices as medical homes, Section 5405 authorizes the Secretary of Health and Human Services (HHS) to award grants to states to help them set up State Hubs, which will fund local Primary Care Extension (PCE) Agencies who will work directly with providers to support the development of PCMH practices.

Under the Primary Care Extension Program (PCEP), HHS will award competitive grants to states, with the ultimate aim of educating primary care providers about medical homes, preventative medicine, health promotion, chronic disease management, mental and behavioral health services (including substance abuse prevention and treatment), and evidence-based and evidence-informed therapies and techniques. Funds awarded through the PCEP may also be used for networking opportunities to enable providers to benefit from the collective knowledge of others who have implemented or are in the process of establishing patient-centric, evidence-based practices.

State Hubs will bring together statewide stakeholders in health care delivery and primary care education, including: the State health department, the State Medicaid agency, CMS, and State agencies responsible for training primary care providers from at least one of the State's health profession schools. State Hubs may also include other appropriate entities such as hospital associations, primary care practice-based research networks, health professional societies, state licensing boards, and consumer groups. Once formed, State Hubs play an organizational and coordinating role in establishing Primary Care Extension Agencies. State Hubs will also contract with county or local agencies. In addition, State Hubs will develop plans for coordinating their efforts with quality improvement organizations, and will organize statewide or multistate networks of agencies to share best practices.

Targeted Populations: Medicaid providers interested in developing their practices into patient-centered medical homes.

Fiscal Impact: Section 5405 provides for two types of federal grants: (1) two-year planning grants that will enable states to develop plans for State Hubs; and (2) six-year program grants that will enable states to turn their plans into functional State Hubs.

Section 5405 authorizes Congress to appropriate \$120 million per year for federal fiscal years (FFY) 2011 and 2012, and any necessary funds for FFY 2013 and 2014. Recipients of grants may spend no more than 10% of the funds on administrative activities, and none of the money can be used for direct patient care. Successful State Hubs may be eligible for additional federal funding after the grant expires.

States may begin applying for both the planning and implementation grants once HHS determines the contents of the application and makes it available. As of October 1, 2010, HHS has not issued an application for this grant program. Section 5405 does not mandate a date by which HHS must make the grants available. Moreover, Section 5405 does not itself appropriate funds, so there is the possibility that Congress will not appropriate funds for the program.

Estimated State costs are unknown at this time, although the statute does not require a state match for participation in this program. However, the long-term sustainability of the program would need to be assessed to determine the State's ability to maintain its operations after the grant funding ends.

Applicability to Nevada: If Nevada chooses to proceed with a PCMH project (i.e., health homes initiative), pursuant to Section 2703 of the ACA, the grant funding available under Section 5405 could be used to support the development of PCMH practices. Medicaid, CHIP, and Title V agencies through Nevada's Division of Health might also partner with health care providers and their staffs to transform practices into medical homes.

In addition, State Hubs can collaborate with other State and community-based agencies to create training opportunities and coordinate resources. Many providers could become more effective practitioners and develop into PCMH's if they had access to financial resources. State Hubs have the ability to improve Nevada's fragmented health care system by serving as a central coordinating entity and source of funds for Nevada physicians.